

RE-DESIGNATION OF PRIMARY PASS-THROUGH ENTITY

Background: The Department of Finance & Management designates a primary pass-through entity (primary) for all subrecipients each fiscal year. This designation occurs approximately 45 days after the subrecipient's fiscal year ends and is based upon either reported expenditures (in the case of subrecipients who do not require a single audit) or upon grant awards in the system (in the case of delinquent subrecipients and those requiring a single audit). VISION security is such that only Finance & Management staff can select a primary on the VISION panels.

Issue: Occasionally, a department is designated as the primary for a subrecipient when a later review of their single audit report reveals that a different state department passed through more funds than the primary pass-through entity. Can the primary be changed? If so, what is the process?

Resolution: Immediately upon receiving a single audit report, the designated primary pass-through entity should review the Schedule of Expenditure of Federal Awards (SEFA) contained in the single audit report and determine if their assignment as primary is correct. If it is correct, the primary should mark the audit report as received in VISION and proceed with audit review per Bulletin 5 Section XI, A.

If the primary designation is incorrect, the current primary should send a copy of the SEFA to the Department of Finance & Management immediately. If Finance & Management concurs, they will change the primary pass-through assignment in VISION and will notify both effected departments via email. At that point the responsibilities of the primary pass-through entity will automatically transfer to the new primary pass-through entity.

Important Note: In some cases, a department has requested to be designated as primary pass-through entity for specific groups of subrecipients. In these cases, Finance & Management will automatically assign the designated department as the primary and this will not be changed, regardless of current expenditures.

Examples: The Department of Education will always be the primary for school districts and supervisory unions and the Agency of Transportation will always be the primary for regional planning commissions.